

Message Text

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ACTION EB-08

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E.O. 11652: NA

TAGS: ENRG, CA

SUBJ: DOME EXPANDS ITS ROLE IN CANADIAN OIL INDUSTRY

REF: CALGARY 0537

1. OVER LAST TWO WEEKS, DOME PETROLEUM LTD. HAS ACQUIRED SIGNIFICANT EQUITY POSITION IN TRANSCANADA PIPELINES (TCPL) AND CONTROLLING INTEREST IN SIEBENS OIL AND GAS LTD., A MIDDLE SIZED CANADIAN OIL COMPANY WITH A SUBSTANTIAL LAND POSITION IN ALBERTA AND SASKATCHEWAN AND OVERSEAS ACREAGE IN EUROPE AND SOUTHEAST ASIA.

2. AT A COST OF DOLS 97 MILLION, DOME OBTAINED LARGEST SINGLE STOCKHOLDER POSITION (13 PERCENT INTEREST) IN TRANSCANADA PIPELINES LTD. THROUGH ACQUISITION OF 5.3 MILLION TCPL SHARES HELD BY CANADIAN PACIFIC INVESTMENTS LTD. DOME HAS SUBSEQUENTLY ENLARGED ITS TCPL EQUITY TO 20 PERCENT THROUGH OPEN MARKET PURCHASE OF ANOTHER 2.7 MILLION SHARES OF TCPL STOCK. (20 PERCENT EQUITY INTEREST GIVES DOME THREE SEATS ON TCPL BOARD AND A PROPORTIONATE SHARE OF TCPL TAX ALLOWANCES). SIEBENS ACQUISITION INVOLVED COMPLEX UNCLASSIFIED

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ARRANGEMENT WITH CANADIAN NATIONAL RAILWAY PENSION FUND. CANPAR HOLDINGS LTD., A CNR PENSION FUND SUBSIDIARY, WILL ACQUIRE ALL OUTSTANDING SHARES OF SIEBENS COMMON STOCK AT COST OF DOLS 360 MILLION. CANPAR IN TURN WILL SELL 75 PERCENT OF ITS HOLDINGS TO DOME AT FIXED PRICE OF DOLS 38.50 PER SHARE AND BY FURTHER AGREEMENT, DOME WILL MANAGE ALL OF THE ASSETS OF SIEBENS. DEAL ALSO INVOLVES SALE TO HUDSON S

BAY COMPANY OF DOLS 123 MILLION OF PREFERRED NON-CONVERTIBLE DOME STOCK AS COMPENSATION FOR ONE-THIRD INTEREST OF HUDSON S BAY IN SIEBENS PROPERTIES.

3. COMMENT: TCPL STOCK ACQUISITION GIVES DOME IMPORTANT VOICE IN GAS TRANSMISSION BUSINESS IN CANADA. NUMBER OF INDUSTRY OBSERVERS SEE DOME AND ITS PRESIDENT JACK GALLAGHER AS EFFECTIVE COUNTER BALANCE TO INFLUENCE AND POWER OF ALBERTA GAS TRUNK LINE AND ROBERT BLAIR. GALLAGHER IS ADAMANTLY OPPOSED TO BUILDING OF DEMPSTER SPUR WHICH HE CONSIDERS THREAT TO FUTURE DEVELOPMENT OF BEAUFORT SEA GAS AND OIL DEPOSITS AND HE CAN BE EXPECTED TO USE HIS INFLUENCE TO PUSH FOR MACKENZIE DELTA PIPELINE AND USE OF TCPL SYSTEM FOR GAS EXPORTS TO U.S. DOME EXECUTIVES ARE CLOSE TO TRUDEAU GOVERNMENT AND DOME IS LEADING MEMBER OF PROGAS GROUP REPORTED BY REFTEL. DOME EXECUTIVES SHOULD ALSO BE ABLE TO PROVIDE MARKETING EXPERTISE WHICH TCPL IS WIDELY ALLEGED TO BE LACKING. SIEBENS ACREAGE IS LARGELY UNDEVELOPED BUT IT FITS IN WELL WITH DOME S PRESENT LAND HOLDINGS AND PROVIDES EXCELLENT LAND BASE FROM WHICH DOME CAN EXPAND ITS FUTURE CONVENTIONAL OIL AND GAS PRODUCTION.

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